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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

OCT 12 2005
CLERK'S OFFICE
U.S. DISTRICT COURT
EASTERN MICHIGAN

GRASS LAKE ALL SEASONS
RESORT, INC.,

Plaintiff,

v.

UNITED STATES OF AMERICA,
et al.,

Defendants.

Case No. 01-74386

Hon. Paul D. Borman

ORDER FOR SALE

The plaintiff, the United States of America, with the agreement of the County of Jackson, having requested an order of this Court providing for the sale of the real property located at 9625 Knight Road, Grass Lake, Michigan, and of the personal property located thereon belonging to Grass Lake All Seasons Resort, Inc. (that real and personal property being collectively referred to as "the Property") and it appearing that good cause exists to grant that request,

IT IS HEREBY ORDERED THAT

1. Jackson County, Michigan, shall immediately take possession of and custody over the Property, account for, protect, preserve, maintain, operate, and manage the Property, provide for the marketing of the Property, and, with the written consent of the United States, sell all or portions of the Property on terms that are acceptable to the United States, or pursuant to a further order of this Court.

2. Jackson County, Michigan, shall immediately do, undertake, and execute the following:

GrassLake\Sale.Order

a. Enter upon, receive, recover and take complete and entire exclusive possession, control and management of the Property, including the security, utility or other deposits relating to the Property, and any proceeds of or accounts receivable derived from the use of the Property;

b. Collect all proceeds of the Property and collect and pay any sales, excise or tourist taxes which became due hereafter under leases or agreements entered into, or due upon the sale of goods or services provided in connection with the Property after the date of this Order;

c. Obtain and retain custody of all of the books and records and documents pertaining to the Property, until further Order of this Court; provided, however, that those books and records and documents shall be available for review and inspection by the parties upon reasonable prior written notice;

d. Pay all of the reasonable, necessary and ordinary expenses incurred relating to the Property from the date of this Order forward, as well as any other expenses that are necessary for the ongoing operation of the Property;

e. Make, cancel or modify leases, obtain or eject tenants, set or modify rents and terms of rent, and to collect all or any part of the rents, issues and profits, and expend out of the rents, issues, profits and income such sums as are reasonable and necessary for the purpose of maintaining the property and/or advertising said property for rent, lease, or sale.

f. Preserve, operate, protect, repair, manage and maintain the Property to avoid waste thereto; and

g. Contract with a real estate brokerage firm acceptable to the United

States to market and arrange for the sale of the Property, on terms that are acceptable to the United States, and as may be subsequently modified by agreement of Jackson County, Michigan, and the United States.

3. Grass Lake All Seasons Resort, Inc., and its agents, alter egos, representatives, and employees, partners, directors and officers, are hereby directed and ordered to immediately turn over and deliver to Jackson County, Michigan:

(a) the Property, including all proceeds, cash, checks, escrow or security deposits, utility deposits, or other deposits (or agree to their written assignment to the County and execute such required documents) relating to the Property or the operation thereof which are or may come into their control, possession or custody or that of their agents, alter egos, representatives or employees;

(b) all books, records, and documents (including but not limited to financial statements, maintenance reports, invoices, balance sheets, member lists, rent rolls, customer lists, notes, mortgages and security agreements, agreements, warranties, check registers, bank statements, ledgers, journals, checks, notices, correspondence, invoices, contracts and leases) relating to the Property or to the operation thereof, and any other items or documents that are necessary for Jackson County, Michigan to carry out the terms of this Order;

(c) all computer software relating to the Property or the operation thereof, whether on hard drives, magnetic tape, back up servers or diskettes or compact discs, and

(d) all keys, codes, locks, or lock boxes relating to any of the Property or the operation thereof. The employees, agents, officers and representatives of Grass Lake

All Seasons Resorts, Inc. or any other company that are currently working at the Property shall be subject to the direction and authority of Jackson County, Michigan, except as otherwise required by law; however, Jackson County, Michigan, shall have the right to retain or discharge said persons or alter their compensation and benefits with or without notice as it determines in its sole and absolute discretion, subject only to employee termination requirements or conditions imposed by law, if any. This does not make the County a successor to the prior owner or operator, and the County does not assume its obligation or liabilities, except as provided in paragraph 8 below.

4. Jackson County, Michigan, shall provide counsel for the United States, on or before the fifteenth (15th) day of each month, commencing with the month following the entry of this Order, with a full and complete report (including profit and loss statement with year-to-date figures) as to the Property's prior month's business operations, financial operations, assets, collections and disbursements. At the same time, Jackson County, Michigan, shall report to the United States all changes during the reporting period in the assets and liabilities and operations, including checking account balances, escrow balances, cash flow position, profit and loss and balance sheet positions, owners, members, guests, tenants, or licenses that occupy or reside on any portion of the Property. Jackson County, Michigan, shall also provide to the United States a monthly status report of any receipts and deposits, and a property condition report.

5. The total amount of the funds received by Jackson County, Michigan, in connection with its operation and management of the Property, less the total amount of the funds expended by Jackson County, Michigan, in connection with its operation and management of the Property, shall be applied to and shall serve to reduce the amount

of the local real estate taxes owed to Jackson County, Michigan with respect to the Property. In the event of a shortfall, the County shall have a lien superior to the federal tax liens in the amount of that shortfall.

6. Any proposed sale of the Property, or part thereof, shall be subject to the approval of this Court. After this Court's approval of the sale has been obtained, at closing Jackson County, Michigan, shall provide a Deed executed in favor of the successful purchaser. Unless an order distributing the sale proceeds has been entered prior to closing, after the closing of the sale of the Property, net proceeds of the sale shall be deposited with this Court, or in any other depository authorized by this Court, pending further order of this Court.

7. Grass Lake All Seasons Resort, Inc., and any of its agents, alter egos, employees, officers, directors, or representatives, are hereby enjoined and prohibited from interfering with the Receiver's execution of the duties set forth herein, and shall comply with the orders of this Court and the Jackson County, Michigan's reasonable requests concerning the Property and its operations, including executing documents and providing information necessary for Jackson County, Michigan to implement this Order. Any violation of this Order shall subject the violator to possible contempt proceedings and sanctions, including fines or imprisonment.


8. Any security or other deposits which tenants or prospective tenants have paid to Grass Lake All Seasons Resort, Inc., or its agents or alter egos and which are not paid to Jackson County, Michigan, shall not be obligations of Jackson County, Michigan and may not be refunded without an order of this Court. Any other security or other deposits which tenants or prospective tenants of the Property have paid or may pay to

Jackson County, Michigan, if otherwise refundable under the terms of their leases or agreements with Jackson County, Michigan, shall be refundable in accordance with those leases or agreements.

9. No utility may terminate service to the Property as a result of the non-payment of obligations incurred in connection with the Property prior to the entry of this order without prior order of this Court.

10. The parties may apply to this Court for further instructions or direction, and this Court retains jurisdiction to enforce and modify the terms of this Order.

DATED: OCT 12 2005



HON. PAUL D. BORMAN
U.S. District Court
Eastern District of Michigan